



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT)
PETITION OF CTC COMMUNICATIONS)
GROUP, INC., CTC COMMUNICATIONS)
CORP. D/B/A CT COMMUNICATIONS)
CORP., LIGHTSHIP TELECOM, LLC,)
CHOICE ONE COMMUNICATIONS INC.,)
CONVERSENT COMMUNICATIONS, INC.)
AND CONVERSENT COMMUNICATIONS)
OF NEW JERSEY, LLC FOR APPROVAL)
OF A CHANGE IN OWNERSHIP OF AN)
AUTHORIZED TELECOMMUNICATION)
PROVIDER AND FOR AUTHORITY TO)
PROVIDE SECURITY IN CONNECTION)
WITH NEW FINANCING)

ORDER OF APPROVAL

DOCKET NO. TM06040278

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 10, 2006, CTC Communications Group, Inc. (CTC), CTC Communications Corp. d/b/a CT Communications Corp. (CTC Communications), Lightship Telecom, LLC (Lightship), Choice One Communications Inc. (Choice One), Conversent Communications, Inc. (Conversent) and Conversent Communications of New Jersey, LLC (Conversent NJ and collectively, Petitioners) pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.S.A. 48:3-10 filed a petition requesting the Board's approval to consummate a transfer of control and related financing transactions. Following the transfer, Conversent will continue to offer the same services at the same rates, terms and conditions pursuant to existing authorizations and tariffs.

BACKGROUND

CTC is a Delaware corporation with principal offices located in Waltham, Massachusetts. CTC is a wholly-owned subsidiary of Columbia Ventures Broadband, LLC (CVB), which in turn, is a wholly-owned subsidiary of Columbia Ventures Corporation (CVC). CVB, a Washington state limited liability company, is a holding company. According to the petition, CVC is a Washington state corporation which owns and operates several telecommunications companies and a small number of manufacturing businesses around the world. Kenneth Peterson Jr., a U.S. citizen, holds 100% ownership interest in CVC. He is also the sole director of Lightship and sole manager of CVB. CTC Communications, a Massachusetts corporation is a direct subsidiary of CTC with its principal business office located in Waltham, Massachusetts. CTC Communications is authorized to provide intrastate telecommunications services in Maine,

Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, Delaware, District of Columbia, West Virginia, as well as New Jersey. According to the petition, some of the services that CTC Communications provides include local exchange, interexchange, frame relay, private line and DSL. In New Jersey, CTC Communications was granted authority to provide facilities based intrastate telecommunications on September 22, 2000. See Order I/M/O the Petition For Order Authorizing CTC Communications Corp. D/B/A CT Communications Corp. to Provide Local Exchange and Interexchange Telecommunication Services Throughout New Jersey, Docket No. TE99100808. Petitioners have indicated that CTC Communications currently has approximately 15 employees in New Jersey.

Lightship, a Delaware limited liability company, and its immediate parent, Lightship Holding, Inc. (Lightship Holding), a Delaware corporation, are also subsidiaries of CTC. Both are privately held companies with principal business offices located in Bedford, New Hampshire. Lightship, which provides services to medium and large businesses, is authorized to provide intrastate telecommunications services in Maine, Massachusetts, New Hampshire, Massachusetts, Rhode Island, Vermont, Connecticut, Delaware, New York and Pennsylvania. In New Jersey, Lightship was granted authority to provide facilities based local and interexchange telecommunications on August 17, 2000. See Order I/M/O the Petition For an Order Authorizing Lightship Telecom, LLC to Provide Local Exchange and Interexchange Telecommunications Throughout New Jersey, Docket No. TM00010014.

Choice One is a Delaware corporation, with headquarters located in Rochester, New York. According to the petition, Choice One and its subsidiaries provide communication and information services to small and medium businesses predominantly in the Northeast and Midwest regions. Choice One, through its subsidiaries, provides: local exchange, interexchange and Internet access. Choice One does not provide services in New Jersey.

Conversent is a Delaware corporation with headquarters located in Marlborough, Massachusetts. Conversent is the parent company two subsidiaries, Conversent Holdings, Inc. (CHI) and Mountaineer Telecommunications. CHI in turn is the parent of Conversent Communications, LLC, which in turn is the direct parent of Conversent NJ, a New Jersey limited liability company, which is also headquartered in Marlborough, Massachusetts. In New Jersey, Conversent was granted authority to provide facilities-based local and interexchange telecommunications on September 12, 2000. See Order I/M/O the Petition For an Order Authorizing Conversent Communications of New Jersey, LLC to Provide Facilities-Based Local Exchange and Interexchange Telecommunications Throughout New Jersey, Docket No. TM00020073. In New Jersey, Conversent NJ provides service to approximately 3000 small business customers and has approximately 30 employees.

On April 27, 2006, the Board approved a proposed merger between CTC and Choice One in which CTC will merge with and into Choice One with the surviving corporation from the merger (Surviving Corporation) surviving. CTC Communications and Lightship will then be subsidiaries of Surviving Corporation. See Order I/M/O the Verified Petition of CTC Communications Group, Inc., CTC Communications Corp. d/b/a CT Communications Corp., Lightship Telecom, LLC and Choice One Communications Inc. for Approval of a Change in Ownership of Authorized Telecommunications Providers in Connection With a Merger Transaction and for Authority to Provide Security in Connection with New Financing, Docket No. TM06020133.

Pursuant to the terms of an Agreement and Plan of Merger (Merger Agreement) dated as of March 24, 2006, between CTC, Choice One, Choice One Acquisition Inc. (Acquisition Sub), Acquisition Sub will merge with and into Conversent, with Conversent surviving and becoming a direct subsidiary of Surviving Corporation. The petition states that the proposed transaction will

be transparent to customers of CTC Communications, Lightship and Conversent NJ, will not affect the rates, terms or conditions under which those customers receive service and is not expected to result in any discontinuance of service for any customers of CTC Communications, Lightship and Conversent NJ. As part of the transaction, and pursuant to N.J.S.A. 48:3-7 and 48:3-9, Conversent NJ requests approval from the Board to provide its guarantee, serve as co-borrower, or otherwise provide security in connection with the financing as described and approved in Docket TM06020133.

Petitioners state that the grant of this petition will serve the public interest in promoting competition among telecommunications providers in New Jersey. The proposed transaction should allow the combined companies to compete more effectively against incumbent carriers and larger competitive carriers. Further, Petitioners believe that the proposed transaction will allow CTC Communications, Lightship and Conversent NJ to operate more efficiently and thus realize financial synergies.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be neither a negative impact on service quality to New Jersey customers or the rates they pay nor a negative impact on competition. Likewise, there will be no negative impact upon employees in the State. Moreover, a positive benefit may be expected from the strengthening of the Petitioners' competitive posture in the telecommunications market.

Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the proposed transactions will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the action proposed to be taken by Petitioners is in accordance with law and in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction promptly upon consummation. The Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to October 31, 2006.


The Board has reviewed the financing transactions proposed to be taken by the Petitioners and concludes that the financing arrangements are necessary and appropriate. Further, the Board FINDS that the financing transactions described above will serve the public interest in promoting competition among telecommunications carriers in New Jersey. The Board HEREBY APPROVES and AUTHORIZES Petitioner's to provide their guarantee, serve as co-borrowers, or otherwise provide security in connection with financing up to \$925 million.

This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
3. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

DATED: 6/7/06

BOARD OF PUBLIC UTILITIES
BY:



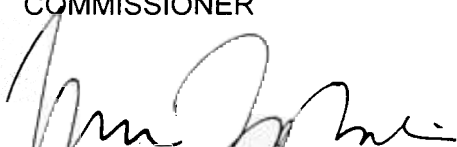
JEANNE M. FOX
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COMMISSIONER



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COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



CHRISTINE V. BATOR
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

